

HOW TO APPLY FOR THE TAX CREDIT

STEP 1

Complete the IRS Form 8850,
“Pre-Screening Notification and
Certification Request”

STEP 2

Complete the ETA Form 9061,
“Individual Characteristics Form”
The required IRS Form 8850 and ETA-9061
forms are available at:

www.doleta.gov/business/incentives/opptax/

STEP 3

Submit the request to the S.C. Department of
Employment and Workforce within 28 days
of the start date via:

E-file:

Consultants go to:
https://sc.wotc-web.net/wa_login_consult.html
or

Private Employers go to:
https://sc.wotc-web.net/wa_login_emp.html

Mail:

S.C. Department of
Employment and Workforce
Attention: WOTC Unit
P.O. Box 995
Columbia, SC 29202

Applications MUST be e-filed or postmarked
within 28 days of the start date.

*Documentation of Veteran, Disabled
Veteran, SSI recipient and age and address
for EZ/RRC residents is required.



*For more information, contact
Laura Rushton
South Carolina Department
of Employment and Workforce
Attn: WOTC Unit
P.O. Box 995 Columbia, SC 29202
(803) 737-2592
lrushton@dew.sc.gov*

*The Path Act of 2015 retroactively authorized the Work
Opportunity Tax Credit program from January 1, 2015
through December 31, 2019.*

*An equal opportunity employer/program. Auxiliary aids
and services are available upon request to individuals with
disabilities. All voice telephone numbers may be reached
using TTY/TDD equipment via the South Carolina Relay
services at 711.*

Program funded through U.S. Department of Labor.

WORK OPPORTUNITY TAX CREDIT



*From January 2015 to June 2016, more than
65,500 people with barriers to employment
were hired by South Carolina employers who
took advantage of the WOTC opportunity. As
a result, millions in tax credits were issued to
those South Carolina businesses for
supporting these individuals.*



Last Revised: August 2016

**Opportunities to
Earn Federal Tax Credits
for Hiring New Employees**

WHAT IS THE WORK OPPORTUNITY TAX CREDIT?

When a business takes advantage of the Work Opportunity Tax Credit (WOTC) program they could receive a tax credit every time they hire an eligible new employee.

Administered by the S.C. Department of Employment and Workforce, WOTC is a federally funded tax credit program designed to provide an incentive for businesses to hire unemployed veterans, disabled veterans and individuals with documented barriers to employment.

“For-profit” entities can receive a 40 percent tax credit against first-year qualifying wages paid when new hires have been employed for 400 hours or more. (Qualifying wage caps apply.)

Qualified tax-exempt “not for-profit” 501(c) entities can participate when hiring qualifying veterans only. The credit is 26 percent of the first-year wages when new hires have been employed for 400 hours or more.

The program is simple. Businesses make the hiring decision, and then complete the minimal paperwork to apply for the credit.

When a business takes advantage of the WOTC program, it can increase their return on investment while helping targeted employees become self-sufficient and earn a steady income.



Example

Bill likes to hire veterans for his shop. He just hired Sarah who had been looking for a job for more than three months after returning from Afghanistan. Bill's company will be eligible for a \$2,400 tax credit through the WOTC program once Sarah has worked at the shop for more than 400 hours and has earned at least \$6,000. He has already received WOTC certifications for hiring three other eligible veterans and is looking to hire another. When Bill files his company's tax return, he anticipates a reduction in his tax liability of more than \$10,000.

WHO IS ELIGIBLE?

Veteran/*SNAP Recipient: Received SNAP benefits for three consecutive months in the last 15 months.

Disabled Veteran: Entitled to compensation for a service-connected disability and unemployed for a period totaling at least six months in the previous year. (Maximum credit \$9,600.)

Unemployed Disabled Veteran: Entitled to compensation for a service-connected disability and during the one-year period prior to the hire date was discharged or released from active duty. (Maximum credit \$4,800.)

Unemployed Veteran (Four Weeks): Unemployed for at least four weeks during the one-year period prior to the hire date.

Unemployed Veteran (Six Months): Unemployed for at least six months during the one year period. (Maximum credit \$5,600.)

Vocational Rehabilitation or Ticket-To-Work Participant: Active client or successful completion of *IWRP within two years prior to the hire date through Vocational Rehabilitation, Department of Veteran Affairs or Commission for the Blind.

***LTUR:** Unemployed at least 27 consecutive weeks in which unemployment insurance benefits were received a portion of the time.

Ex-Felon: Convicted felony offender hired within one year of conviction or release date, or during work-release program participation.

***SSI Recipient:** Received SSI any month during the 60 days prior to the hire date.

EZ/RRC Resident: 18-39 year-old residing in a federally designated Empowerment Zone (EZ) (<http://egis.hud.gov/ezrclocator/>), or the Marlboro County Rural Renewal Community (RRC).

Summer Youth: 16-17 year-old EZ/RRC resident hired between May 1 and September 15. (Maximum credit \$1,200.)

***SNAP Recipient:** 18-39 year-old receiving SNAP benefits six consecutive months prior to and including the hire month.

***TANF Recipient:** Received TANF nine of the last 18 months.

Long-Term Family Assistance Recipient: Long-term TANF recipient. Two-tier maximum credits:

Year One: \$4,000

Year Two: \$5,000
\$9,000

Except where noted, the maximum credit is \$2,400 per employee.

MORE INFORMATION

The S.C. Department of Employment and Workforce must certify the Work Opportunity Tax Credit before it can be claimed.

Once certified and minimum required hours are met, the “for-profit” entity will claim the tax credit as a general business credit against their federal income tax using IRS Form 3800. The IRS Form 5884 is used to calculate the amount of the credit.

“Non-profit” 501c entities will claim the credit against the employer's share of Social Security tax using IRS Form 5884-C.

To obtain the corresponding IRS Forms and tax filing instructions please visit:

<http://www.irs.gov/>

Relatives and previously employed individuals are not eligible job applicants.

Tax credits cannot be claimed for federally subsidized on-the-job training; however, wages paid after the subsidy expires can qualify for the credit.

The IRS Form 8850 may be used to pre-screen job applicants for eligibility.

Reduced credits may apply for those who worked less than 400 hours.



Acronyms*

IWRP: Individual Written Rehabilitation Plan

LTUR: Long Term Unemployment Insurance Recipient

SNAP: Supplemental Nutritional Assistance Program

SSI: Supplemental Security Income

TANF: Temporary Assistance to Needy Families